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E-Filed 1/23/08

Attorney for Anabelle Savage, Trustee

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

IN RE:

SUNSET BLUFFS, LLC

Debtor.

CASE NO. BK-N-07-51718-GWZ
CHAPTER 7

NOTICE OF INTENT TO ABANDON REAL PROPERTY

(No Hearing Unless Requested)

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Anabelle Savage, chapter 7 trustee ("Trustee") hereby gives notice of her intent to abandon the estate's interest in real property commonly referred to as 41 lots of undeveloped real property located in Verdi, Nevada and one parcel of land located in the Somersett subdivision located in Reno, Nevada. This Notice is given in accordance with 11 U.S.C. § 554, F.R.Bankr.P. 2002 and 6007(a).

1. Sunset Bluffs, Inc. ("Debtor") filed its voluntary chapter 7 petition on December 17, 2007. Included among the assets listed by the Debtor is a subdivision consisting of 41 partially improved building lots west of the Somersett Development in Verdi, Nevada (the "property"). Schedule A listed the property as having a value of $10,200,000. Schedule D lists the secured indebtedness against the property at $7,500,000. As of December 31, 2007, the balance due to the senior secured creditor was $7,455,866.

2. In her investigation of the status of the property, the Trustee has determined:

a. The estate does not have liability insurance coverage for the property;

b. The underground utilities have been installed; however, no finish grading of individual lots has been done and the streets have not been paved;

c. There are open manholes in the drainage system and drop-inlet grates are not fully installed;

d. As a result of the heavy rains in January 2008, significant erosion has occurred and potentially damaged the property of adjacent landowners;

e. The individual lots are approximately 10,000 square feet in size and based upon the market in that area, a completed home would have a target sale price of approximately $500,000. Based on her research, the Trustee has determined that the attributable land value for a home in that price range would be approximately $100,000. Utilizing these assumptions, the value of the 41 lots is approximately $4,100,000;

f. In order to proceed with the 41 lot subdivision, the Debtor obtained several bonds for the project: completion bond $1,648,000; landscaping bond $268,000 and a storm water pollution prevention bond $250,000;

2. In addition to the 41 lots, the estate also owns Lot 202 located at 8360 Split Rock Trail in the Somersett subdivision ("Lot 202"). Lot 202 is a strategic parcel across which transit a variety of public utility easements providing services to the 41 lots. Lot 202 is approximately 1.25 acres in size and has an elevation change of approximately 80 feet from front to back. Lot 202 is encumbered by a deed of trust securing repayment of a note with a balance of $197,075 at December 31, 2007.

3. The Trustee intends to abandon the property and Lot 202 because they are burdensome and of inconsequential value. The property is burdensome because of the potential liability associated with the open manholes and drop inlets, and the likelihood of continued erosion during the next several months. The property is of inconsequential value because, in the current real estate market, there is no unencumbered equity for the benefit of unsecured creditors.

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DATED this 22nd day of January, 2008.

HARTMAN & HARTMAN

/S/ Jeffrey L. Hartman
Jeffrey L. Hartman, Esq. for
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